

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN ROSALIE (ROSIE) BUZZAS**, on March 4, 2005 at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Rosalie (Rosie) Buzzas, Chairman (D)
Rep. Carol C. Juneau, Vice Chairman (D)
Rep. John E. Witt, Vice Chairman (R)
Rep. Tim Callahan (D)
Rep. Eve Franklin (D)
Rep. Bill E. Glaser (R)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. Verdell Jackson (R)
Rep. Joey Jayne (D)
Rep. Christine Kaufmann (D)
Rep. Ralph L. Lenhart (D)
Rep. Walter McNutt (R)
Rep. Penny Morgan (R)
Rep. John L. Musgrove (D)
Rep. Rick Ripley (R)
Rep. Jon C. Sesso (D)
Rep. John Sinrud (R)
Rep. Janna Taylor (R)
Rep. Jack Wells (R)

Members Excused: None.

Members Absent: None.

Staff Present: Marcy McLean, Committee Secretary
Laura Dillon, Committee Secretary
Jon Moe, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 2, Day 2

HEARING ON HB 2 SECTION B**Opening Statement:**

REP. KAUFMANN, Chair of Health and Human Services Subcommittee, thanked REPS. MORGAN, MCNUTT and JAYNE for their work on the subcommittee, along with the staff, Pat Gervais and Lois Steinbeck.

The Department of Health and Human Services (DPHHS) is a very large department that offers numerous programs: Temporary Assistance to Needy Families (TANF), child care, Medicaid, foster care, adoptions, nursing home licensing, long-term care, aging services, alcohol and drug treatment, mental health services, vocational rehabilitation, disability services, child support enforcement, public health functions, and more. They are also responsible for all state institutions, except the prisons.

REP. KAUFMANN presented Section B, found on pages B-1 through 84.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 21.6}

REP. RIPLEY asked how much of the \$100 million in federal funds for food stamps is used for administration and how is used for food stamps. **REP. KAUFMANN** said 100% of it is used for benefits. **Hank Hudson, DPHHS,** said they have taken steps to simplify the application process for food stamps.

REP. SINRUD asked about the decrease in the federal matching funds rate and how it is determined. He said his concern is that it will change as the Montana economy improves. **Lois Steinbeck** said the match rate is determined by the State's change in per capita income compared to the national average. Montana's per capita income has performed better than other states. During the next biennium, that will probably result in a \$28 million decrease in federal funds to Montana.

REP. KAUFMANN continued her presentation of Section B.

{Tape: 1; Side: A; Approx. Time Counter: 21.6 - 32.6; Comments: End of Side A, Tape 1}

REP. KAUFMANN continued her presentation of Section B, specifically talking about the funding sources.

REP. SINRUD said he was concerned that the funding for the three new auditors in the Department of Revenue was only for the first year. **REP. KAUFMANN** answered that even though the \$1.2 million

is listed in the first year, it will actually pay for the auditors for the biennium.

REP. SINRUD said that since the subcommittee removed \$4 million from the Governor's Budget for Low Income Energy Assistance Program (LIEAP), he was concerned about the loss in federal matching funds. **REP. KAUFMANN** explained that there is no federal match in LIEAP, but there is a federal grant for \$11 million. The Governor's Budget had \$8 million for LIEAP and the subcommittee reduced it to \$4 million for the biennium.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 10}

REP. KAUFMANN continued her presentation with how the department would be using this money. She presented testimony from several users of DPHHS' services.

{Tape: 1; Side: B; Approx. Time Counter: 10 - 32.6; Comments: End of Tape 1}

REP. KAUFMANN continued with her presentation of Section B.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 7.4}

REP. RIPLEY asked if there has been an increase in the number of children served by Childrens Health Insurance Program (CHIP), then why \$1 million was removed in federal funds. **Lois Steinbeck** said that private donations for CHIP can be used by the State for federal matching funds.

REP. JUNEAU asked if there are still children on the CHIP waiting list. **REP. KAUFMANN** said there are 22,000 eligible children, however, this increase in funding will put approximately 17,000 of them on CHIP.

REP. SINRUD asked how the energy ombudsman is different from Northwestern Energy's program to help make a home more energy efficient. **REP. KAUFMANN** explained that the ombudsman works with LIEAP clients. **Pat Gervais** said that the ombudsman assists staff at the Human Resources Development Council with finding and coordinating available energy resources for their clients.

{Tape: 2; Side: A; Approx. Time Counter: 7.4 - 19.2}

REP. KAUFMANN continued with her presentation, starting at page B-7, and discussed the use of I-149 tobacco tax revenue.

{Tape: 2; Side: A; Approx. Time Counter: 19.2 - 25.7}

REP. SINRUD asked if the department is going to hire dentists to provide services to Medicaid clients. **Lois Steinbeck** said this is an innovative approach that has been used in other states. One of the biggest access problems in Medicaid is getting access to dental care. Locating health care professionals in schools has resulted in a higher rate of access. DPHHS would probably contract with existing dentists to see Medicaid patients. **Chuck Hunger, DPHHS**, said it is their intent to not just increase Medicaid reimbursement rates, but to also provide better access to dental care.

REP. SINRUD asked if the State is in compliance with the use of I-149 tax proceeds. **REP. KAUFMANN** answered, "No." **Lois Steinbeck**, in referring to page B-7, said the statute allows the use of I-149 funds for the four areas listed there.

{Tape: 2; Side: A; Approx. Time Counter: 25.7 - 32.6; Comments: End of Side A, Tape 2}

Lois Steinbeck continued with "I-149 money may not be used to offset General Fund in the traditional trended approach to establishing Medicaid services." She handed out a table showing what money needs to be moved between the General Fund and I-149. [EXHIBIT \(aph48a01\)](#)

REP. SINRUD asked if there is the potential for a lawsuit over the use of I-149 tax money. **REP. KAUFMANN** said the legal opinion implied that the State is open to a lawsuit. She explained that the table Steinbeck handed out was a result of her request for information on General Fund items that could be funded with I-149 tax money.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 10.2}

REP. GLASER asked about the unconstitutionality of having waiting lists for services. **Pat Gervais** said the Legal Department issued a legal opinion expressing concern over waiting lists. There are multiple ways to address waiting lists, including assets test, changing eligibility criteria or providing more services. **Lois Steinbeck** said the senior long-term waiting list has been decreased. A previous court decision in Georgia says a state should take steps to decrease waiting lists. **Greg Petesch, Legal Department**, explained that what is indefensible is a waiting list of people receiving no services.

{Tape: 2; Side: B; Approx. Time Counter: 10.2 - 25.8}

CHAIRMAN BUZZAS asked how the DPHHS establishes waiting lists. **Dr. Winnia, DPHHS**, explained that people are put on the waiting list based upon an evaluation to determine their needs.

REP. SINRUD asked how the DPHHS knows if families are able to pay for their own health insurance. **John Chaffius, DPHHS**, said it is possible that there is a small group of low-income families who have substantial assets, such as farmers, who have qualified for services.

{Tape: 2; Side: B; Approx. Time Counter: 25.8 - 32.6; Comments: End of Tape 2}

REP. KAUFMANN responded to **REP. SINRUD**'s question by saying it is very difficult for a family of three earning \$24,000 per year to afford their basic needs, let alone their healthcare insurance.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 4.8}

REP. KAUFMANN continued with her presentation, covering pages B-9 to 12

REP. FRANKLIN asked about a previous audit that said Child and Family Services was understaffed by 60 social workers. **REP. KAUFMANN** said the subcommittee decided that DPHHS did not have to decrease their staff since they are trying to deal with less federal funding and more federal requirements.

{Tape: 3; Side: A; Approx. Time Counter: 4.8 - 32.6}

REP. KAUFMANN resumed presentation of Section B, beginning on page B-12 and explaining the Health Insurance Flexibility and Accountability (HIFA) waiver, which she said is very complex.

REP. SINRUD said he was concerned about the State's use of federally- matched funds. With the federal deficit so high, he is concerned that there may be future cuts in federal funding in the future.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 8.6}

REP. KAUFMANN continued by talking about the Medicare Modernization Act, found on page B-14.

REP. SINRUD asked about Decision Package (DP) 120, Increase Child Care Discretionary Fund by \$6.9 million. **Pat Gervais** said this DP was included in the Governor's Budget and is primarily TANF block grant funds which can be used for child care.

{Tape: 3; Side: B; Approx. Time Counter: 8.6 - 18.7}

REP. KAUFMANN presented the budget for Child and Family Services, beginning on page B-24

{Tape: 3; Side: B; Approx. Time Counter: 18.7 - 21.1}

REP. KAUFMANN presented the budgets for the Director's Office, found on pages B-30 to 31, and Child Support Enforcement, found on pages B-32 to 34.

{Tape: 3; Side: B; Approx. Time Counter: 21.1 - 23.9}

REP. KAUFMANN continued on page B-35 with the budget for Public Health and Safety.

REP. RIPLEY said he is concerned about the DPHHS relying substantially on federal grants. **REP. KAUFMANN** even though these items appear as increased funding, they are actually federal grant packages that have already been approved. **Lois Steinbeck** further explained that if the federal funding is cut, then staffing cannot be included as part of the base budget requested by the Governor.

REP. SINRUD asked about the Emergency Preparedness funding for hospitals found on page B-38.

{Tape: 3; Side: B; Approx. Time Counter: 23.9 - 32.6; Comments: End of Tape 3}

Jane Smilie, DPHHS, explained that the money is being used by local public health departments to develop emergency preparedness plans. Funds have been used to improve the clinical public health lab, bringing it up to a bio-safety level three. Local public health departments have been connected across the state with updated computer systems. It allows them to coordinate with hospitals, emergency responders and law enforcement.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 8}

REP. KAUFMANN presented budget information for the Quality Assurance Division found on page B-47, Operations and Technology on page B-50, Disability Services on page B-52, and Health Resources on Page B-60.

{Tape: 4; Side: A; Approx. Time Counter: 8 - 14.3}

REP. KAUFMANN completed her presentation of Section B by covering Senior and Long-Term Care and Addictive and Mental Disorders.

{Tape: 4; Side: A; Approx. Time Counter: 14.3 - 19.5}

Department Response:

Dr. Winnia, Director of DPHHS, said their department provides a safety net for the most vulnerable people in Montana. Also, they work hard on prevention to try and help people from getting into this safety net.

NOTE: Committee recessed at 12:10 p.m. and will reconvene at about 3:30 p.m.

(REP. JACKSON was absent when the House Appropriations Committee reconvened at 3:20 p.m.)

Public Comment:

June Hermanson, Montanans with Disabilities for Equal Access, thanked the Health and Human Services subcommittee for their work on the Disability Services Division budget.

Judy Smith, WORD and HomeWORD, voiced concern over the way Temporary Assistance for Needy Families (TANF) cuts were handled in both the Governor's and legislature's budgets.

Linda Stohl, Area Agency on Aging, commented that she would have brochures available for the committee members before the meeting was adjourned. She explained why the recommended funding increases for Meals on Wheels and Home Health Care Services Programs were necessary.

Myrle Tompkins, President, Montana Association for the Blind, added her thanks to the Health and Human Services subcommittee.

Jani McCall, Montana Children's Initiative Provider Association (MCI), explained two bar graphs, which demonstrated the reimbursement rates for "Children's Mental Health for Out of Home Services" and "Youth Foster Care, Group Homes and Shelter Care." [EXHIBIT\(aph48a02\)](#)

Rose Hughes, Montana Health Care Association, discussed the importance of Medicaid to Montana nursing homes.

Don Hargrove, Montana Addictive Services Providers, felt that the State would save money in the long term by investing in addiction prevention programs today.

Charlie Briggs, Independent Developmental Disability Service Providers, complimented the Health and Human Services

subcommittee on their work in addressing Medicaid services for the developmentally disabled.

Jim Ahrens, Alliance for a Healthy Montana, urged the Appropriations Committee to adopt the subcommittee's recommendations.

{Tape: 5; Side: A; Approx. Time Counter: 0 - 16.2}

EXECUTIVE ACTION ON HB 2, SECTION B

Motion: REP. KAUFMANN moved TO AMEND HB 2 (HB000208.als).

Discussion:

REP. KAUFMANN explained that this amendment restricts the use of General Funds appropriated for in-home caregiver services to contracts with local agencies that provide assistance to local caregivers. The amendment prohibits the use of General Fund for state match Medicaid Services. This language clarifies the subcommittee's intentions for the appropriation.

EXHIBIT(aph48a03)

Vote: Motion carried unanimously by roll call vote. REP. JACKSON voted by proxy.

Motion: REP. KAUFMANN moved TO AMEND HB 2 (HB000208.als).

Discussion:

REP. KAUFMANN explained that this amendment adds language to indicate the estimated dollar amount increase in the TANF monthly assistance benefit level to be approximately \$50 a month. This will further clarify the intentions of the legislature to DPHHS.

EXHIBIT(aph48a04)

REP. MORGAN asked if inserting the language would limit the Department's discretion. **Pat Gervais** replied that the language would simply indicate the legislature's estimation of the benefit per household and would not limit DPHHS in any way.

REP. JAYNE asked if the amendment was limited to \$2.4 million of the total \$2.5 million in 1F. **Ms. Gervais** explained why the language referencing \$2.4 million was included in the amendment. The language serves as an approximate guide and the actual amount may be slightly less or more than \$2.4 million.

{Tape: 5; Side: A; Approx. Time Counter: 16.2 - 26.7}

REP. HAWK asked for the reasoning behind the amendment. **REP. KAUFMANN** replied that she felt the amendment would assist next year's committee in measuring the progress of DPHHS.

CHAIRMAN BUZZAS added that the language would clarify legislative intent. It is not always clear to departments how HB 2 funds were intended to be spent.

Vote: Motion carried unanimously by voice vote.

Motion: **REP. JUNEAU** moved TO AMEND HB 2 (HB000206.apg).

Discussion:

REP. JUNEAU explained that this amendment raises the amount of the TANF assistance benefit level to 35% of the federal poverty level.

[**EXHIBIT**](#)(aph48a05)

{Tape: 5; Side: A; Approx. Time Counter: 26.7 - 32.4}

REP. SINRUD asked what percent of poverty the program currently funds benefits. **REP. KAUFMANN** replied that the amount had been reduced to 30.5% of the 2002 federal poverty level. Governor Martz added another \$30 per month to this amount.

REP. SINRUD asked how this related to income level. **REP. KAUFMANN** responded that this equated to approximately \$325 to \$350 per month for the average family of three.

Ms. Gervais added that the ability level and income level are tied together. Several factors are considered when determining the benefit level.

REP. SINRUD asked for further explanation of how the poverty level is determined. **Hank Hudson, DPHHS**, stated that the current average payment is \$368 per month. The average family of three at 30% of the 2002 poverty level receives \$375. This totals \$405 when the \$30 proposed by the Governor is added.

REP. SINRUD asked how **REP. JUNEAU'S** proposed amendment would affect the average payment. **Mr. Hudson** replied that the amendment would result in an amount halfway between \$375 and \$405 for the average family.

REP. MORGAN estimated that the amendment would result in another \$30 to \$35 added to the average monthly amount. She asked if her estimate was accurate. **REP. JUNEAU** replied that she believed the amount would be slightly more than what **REP. MORGAN** estimated. **REP. JUNEAU** explained how TANF eligibility requirements were relevant to consideration of the amendment.

{Tape: 5; Side: B; Approx. Time Counter: 0 - 10.2}

REP. WELLS asked if **REP. JUNEAU** had other amendments that indicate how the current amendment will be funded. **REP. JUNEAU** replied that she had intended for the money to come from some of the cuts she had proposed in prior amendments. Since those previous amendments had failed, the revenue for the current amendment will have to come from the General Fund.

REP. RIPLEY asked for the Budget Office's opinion on the amendment. **Bob Andersen, Lead Budget Analyst**, responded that they would not favor the amendment.

Vote: Motion failed 12-8 by roll call vote with **REP. BUZZAS**, **REP. FRANKLIN**, **REP. HINER**, **REP. JAYNE**, **REP. JUNEAU**, **REP. KAUFMANN**, **REP. LENHART**, and **REP. SESSO** voting aye. **REP. JACKSON** voted by proxy.

Motion: **REP. JUNEAU** moved TO AMEND HB 2 (HB000211.apg).

Discussion:

REP. JUNEAU stated that this amendment would provide language requiring DPHHS to generate a report at each meeting of the Children, Families, Health, and Human Services Interim Committee. [**EXHIBIT \(aph48a06\)**](#)

REP. KAUFMANN commented that there are a number of reporting requirements for different agencies included in the budget.

REP. WELLS asked if the department would be burdened by this requirement. **Mr. Hudson** replied that DPHHS would be able to provide this report without additional burden.

REP. GLASER added that when he had served in the Interim Committee, the information was reported as a matter of practice.

{Tape: 5; Side: B; Approx. Time Counter: 10.2 - 20.3}

Vote: Motion carried unanimously by voice vote.

Motion: REP. SINRUD moved TO AMEND HB 2 (HB 000202.ALS).

Discussion:

REP. SINRUD explained that this amendment removes six new audit full-time equivalents (FTE) from the Department of Revenue. These FTEs were previously removed by the General Government and Transportation subcommittee. The Health and Human Services subcommittee then returned these FTEs to HB 2. REP. SINRUD feels this action should have been taken through the House Appropriations Committee and is proposing this amendment to ensure proper protocol is followed.

EXHIBIT (aph48a07)

REP. KAUFMANN encouraged the committee to resist the amendment. She stated that the majority of Health and Human Services subcommittee members felt the action was acceptable.

REP. WELLS asked why it was estimated that these auditors would only be recovering money in FY06. REP. KAUFMANN replied that the appropriation was biennial.

REP. TAYLOR commented that the amendment would not cut actual revenue, rather the potential revenue that would result from these FTEs.

REP. SESSO explained why he voted for these FTE in the subcommittee.

{Tape: 5; Side: B; Approx. Time Counter: 20.3 - 32.1}

REP. SESSO asked for the estimated revenue resulting from these FTEs. Dan Bucks responded that approximately \$3.6 million would be recovered as a result of these audit positions. About 116 cases within the state have been identified for tax evasion investigation. The six FTE would provide the investigation staff.

Vote: Motion failed 10-10 by roll call vote with REP. GLASER, REP. HAWK, REP. JACKSON, REP. MCNUTT, REP. MORGAN, REP. RIPLEY, REP. SINRUD, REP. TAYLOR, REP. WELLS, and REP. WITT voting aye. REP. JACKSON voted by proxy.

Motion: REP. KAUFMANN moved TO AMEND HB 2 (HB000215.aag).

Discussion:

Ms. Steinbeck explained that this amendment establishes a biennial appropriation, which was already part of the Governor's Budget. There will be no net change to state special revenue. The amendment also adds federal funds for the Medicaid biennial appropriation.

[EXHIBIT](#)(aph48a08)

{Tape: 6; Side: A; Approx. Time Counter: 0 - 6.3}

REP. SINRUD asked if the spending cap would be an issue. **REP. KAUFMANN** responded that the cap would not be affected because the amendment deals with federal funds.

Vote: Motion carried unanimously by voice vote.

Motion: REP. KAUFMANN moved TO AMEND HB 2 (HB000299.afd).

Discussion:

Ms. Steinbeck explained that this was a technical amendment to eliminate duplicate appropriation language and would not affect the spending cap.

[EXHIBIT](#)(aph48a09)

Vote: Motion carried unanimously by voice vote.

Motion: REP. KAUFMANN moved TO AMEND HB 2 (HB000211.als).

Discussion:

Ms. Steinbeck stated that the amendment would not alter the amounts currently appropriated. The amendment contains language to insure that Mental Health Services Plan (MHSP) cost savings remain in the program or the State match funds to implement the Medicaid redesign proposals.

[EXHIBIT](#)(aph48a10)

REP. MORGAN asked if the amendment would allocate funds in addition to those contingent on passage of the Health Insurance Flexibility and Accountability (HIFA) waiver. **REP. KAUFMANN** replied that the amendment segregates smaller amounts of money within the total HIFA allocation.

REP. MORGAN asked if the changes within the amendment could be segregated. **Ms. Steinbeck** answered that segregating the

amendment (for instance, passing the first line and not the second) would eliminate funding for 80% of MHSP.

{Tape: 6; Side: A; Approx. Time Counter: 6.3 - 13.6}

Vote: Motion carried unanimously by voice vote.

Motion: REP. KAUFMANN moved TO AMEND HB 2 (HB000212.apg).

Discussion:

REP. KAUFMANN explained that this amendment would appropriate \$200,000 to the Montana Developmental Center (MDC). This funding will provide services for criminal offenders who have been committed to MDC, specifically addressing one case involving a deaf resident at MDC. This individual is unable to read and write, and does not use the typical form of sign language. MDC is unable to communicate with the individual and cannot provide adequate treatment. MDC has proposed that the resident be moved to a facility in Florida that is able to address his needs. The appropriation included in the amendment would provide payment for out-of-state services.

EXHIBIT(aph48a11)

REP. MORGAN asked if specialized staff would be brought to Montana to deal with this individual. **Jeff Sturm, Director, Developmental Disabilities Program**, replied that the resident would be sent to a facility in Florida. MDC has identified this as the least costly option for the State.

REP. MORGAN asked if the individual would be in a correctional facility in Florida. **Mr. Sturm** replied that he would be part of a residential treatment program.

REP. MORGAN asked how much had been contributed by the Department of Corrections (DOC). **Mr. Sturm** answered that MDC was discussing the matter with DOC.

REP. RIPLEY asked if the individual could be taught a different form of sign language. **Mr. Sturm** responded that the staff at MDC would first have to be trained to use the resident's language before even beginning a treatment program. This option has been reviewed by MDC and it has been determined that it would not be feasible. Mr. Sturm added that the resident has been adjudicated to DPHHS, not the DOC. This is part of the reason DOC has not contributed any funds for treatment of the individual.

REP. WELLS asked for the age of the individual. **Mr. Sturm** replied, "Thirty-five."

REP. WELLS asked if the individual could read and write. **Mr. Sturm** replied that the resident maintained only very basic reading and writing skills and cannot communicate through this means.

REP. WITT commented that he felt MDC should approach DPHHS for the funding.

REP. SINRUD asked if \$200,000 was the amount for the year or biennium. **REP. KAUFMANN** responded that \$200,000 was the amount per year.

REP. BUZZAS asked why a solution was not found for the problem within the department's budget. **Mr. Sturm** replied that a \$200,000 per year appropriation would significantly affect the DPHHS budget. Mr. Sturm added that SB 35 has made it unclear how the responsibility of criminal offenders adjudicated to DPHHS facilities should be handled.

Ms. Gervais explained the process by which a criminal offender is committed to a DPHHS facility.

{Tape: 6; Side: A; Approx. Time Counter: 13.6 - 26.5}

Substitute Motion: **REP. MORGAN** made a substitute motion change the amendment to read \$50,000 per year, instead of \$200,000.

Discussion:

REP. KAUFMANN added that she would support the substitute motion.

REP. FRANKLIN stated that she would oppose the amendment because she feels the problem should have been addressed with the department's budget.

REP. SINRUD asked if the substitute motion would still be one time only. **REP. MORGAN** answered, "Yes."

REP. JAYNE commented that she felt the issue should have come before the subcommittee at an earlier time.

{Tape: 6; Side: A; Approx. Time Counter: 26.5 - 32.6; Side B was not used}

REP. MORGAN stated that she felt the situation at MDC needed to be addressed by the appropriation. She believed the MDC should approach DPHHS and DOC for the remainder of the funding.

Vote: Motion failed 13-7 by roll call vote with REP. HAWK, REP. JACKSON, REP. KAUFMANN, REP. LENHART, REP. MORGAN, REP. RIPLEY, and REP. TAYLOR voting aye. REP. JACKSON voted by proxy.

REP. KAUFMANN withdrew the original motion (HB000212.apg).

Motion/Vote: REP. CALLAHAN moved TO CLOSE HB 2, SECTION B . Motion failed 10-10 by roll call vote with REP. BUZZAS, REP. CALLAHAN, REP. FRANKLIN, REP. HINER, REP. JAYNE, REP. JUNEAU, REP. KAUFMANN, REP. LENHART, REP. MUSGROVE, and REP. SESSO voting aye. REP. JACKSON voted by proxy.

{Tape: 7; Side: A; Approx. Time Counter: 0 - 4.7}

NOTE: 5:15 p.m. Appropriations Committee reconvened.

EXHIBIT(aph48a12)

SECTION C

REP. RIPLEY, Chair of the Natural Resources Subcommittee, introduced Barb Smith and Shane Seirer, Legislative Fiscal Division, and thanked them for their quality work. He also thanked the agencies and their directors, the Governor's Budget Office and members of the subcommittee.

Section C entails Fish, Wildlife and Parks, Department of Environmental Quality, Department of Livestock, Department of Natural Resources and Conservation, Department of Agriculture, and the Department of Commerce. The total General Fund budget for FY06 is \$248 million and for FY07 is \$192 million. The narrative for Section C is found on pages C-1 through 112.

REP. RIPLEY reviewed the budget for the Department of Livestock (DOL), pages C-47 to 60.

{Tape: 7; Side: A; Approx. Time Counter: 4.7 - 20.7}

Department Response:

Mark Bridges, Department of Livestock, explained the significant effects of the drought on both the industry and the department and said they had adjusted the budget accordingly.

REP. LENHART asked about the additional meat inspector for eastern Montana. Carol Ohmstead, DOL, answered that they have

meat inspectors in Scobey, Billings and Lewistown and need to place one in Miles City.

{Tape: 7; Side: A; Approx. Time Counter: 20.7 - 24.5}

REP. RIPLEY continued his presentation with the Department of Agriculture, page C-84 to 94.

{Tape: 7; Side: A; Approx. Time Counter: 24.5 - 32.6}

Department Response:

Nancy Peterson, Director of Department of Agriculture, said that as a new director, she greatly appreciated everyone's help in preparing the budget.

{Tape: 7; Side: B; Approx. Time Counter: 0 - 1.7}

REP. RIPLEY continued his presentation with Department of Commerce (DOC), pages C-95 to 112.

{Tape: 7; Side: B; Approx. Time Counter: 1.7 - 11.1}

Department Response:

Tony Preite, Director of Department of Commerce, said they are eager to use their resources to work with the private sector to create higher-paying jobs in Montana, resulting in expanding the economy.

REP. JUNEAU, in referring to the Montana Promotions Division budget of \$750,000 per year, asked how it was different from the \$600,000 in General Government for promotions-type purposes.

Andy Poole, DOC, said the difference is that the funding in HB 2 comes from state special revenue and is used for co-op advertising with other states. The other funding, which is statutorily appropriated and does not appear in HB 2, comes from the bed tax and is used to promote Montana to vacationers, film production, etc. The funding is in two separate places for accounting and budgeting purposes since statutory appropriations do not appear in HB 2.

REP. JUNEAU specifically asked about the Governor's Office budgeting \$300,000 per year for marketing Montana. **Andy Poole** clarified that this money is used for recruiting businesses to Montana, which is very different than marketing Montana for tourism.

REP. JUNEAU asked about the numerous monies being used for job training. **Andy Poole** explained the various programs and their sources of funding. He said there is a move to bring these programs all together within the DOC in order to avoid duplication of efforts.

REP. JAYNE asked about the use of funds for the Indian Economic Development program. **REP. RIPLEY** said it is a new program that promotes the development opportunities for the seven Indian reservations in Montana; funding of \$500,000 per year comes from a general appropriation. **Tony Preite** said the reservations would propose what would be the best use of these funds with consensus from the DOC.

{Tape: 7; Side: B; Approx. Time Counter: 11.1 - 27.9}

REP. RIPLEY continued his presentation of Section C, Department of Environmental Quality (DEQ) on pages C-28 to 46.

{Tape: 7; Side: B; Approx. Time Counter: 27.9 - 32.6; Comments: End of Tape 7}

Department Response:

Richard Oppen, Director of Department of Environmental Quality, said their mission is to protect and enhance the land, air and water resources of Montana for the benefit of future generations. They spent a great deal of effort working with the subcommittee to develop a budget that would help them to achieve this mission.

REP. SESSO commented on the RHODIA settlement of \$1.8 million being used to reduce the DEQ's base budget. He said the hope had been to use this settlement money to either address the hazardous waste problem caused by RHODIA or at least be used in Butte-Silverbow County. **REP. RIPLEY** explained that the settlement specified that the money would be used for the DEQ's hazardous waste program.

REP. WELLS said there were some conflicting issues between the Natural Resources subcommittee and the Long-Range Planning subcommittee over the use of grant money. As an example, reclamation and development grants money may have been used in the DEQ budget. **Barb Smith** said the subcommittee discussed the use of loans and grants, which historically have been used for other purposes, such as programs in DEQ, DNRC and the library. The LFD budget analysis states that either the funds need to be used as statutorily designed, or the statute needs to be changed.

REP. WELLS said that he and **REP. RIPLEY** and LFD staff could get together and work out the details.

{Tape: 8; Side: A; Approx. Time Counter: 0 - 11.2}

REP. RIPLEY presented the budget for Department of Natural Resources and Conservation (DNRC), found on pages C-61 to 83. DNRC is responsible for managing state trust lands, protecting Montana's natural resources from wildfire, promote stewardship of state water, soil, forest, and rangeland resources, provide assistance to Conservation Districts, provide natural resource conservation education, and provide support to the Reserve Water Rights Compact Commission.

[EXHIBIT\(aph48a13\)](#)

[EXHIBIT\(aph48a14\)](#)

[EXHIBIT\(aph48a15\)](#)

{Tape: 8; Side: A; Approx. Time Counter: 11.2 - 25.7}

Department Response:

Mary Sexton, Director of DNRC, said that a big part of their budget is for fire and water. Their goals is to enhance their program so that they can be more effective with initial wildfire attack.

REP. JUNEAU asked what Montana's total financial obligation is for St. Mary's Canal. **Mary Sexton** answered that they will be adding two new FTEs plus the work being done by existing staff. There is \$10 million in the bonding bill, which would be used to match federal funds. **Jack Stultz, DNRC**, said the department is providing a significant amount of in-kind support for this project. He said they are keeping track of their expenses in order to be able to use them for matched federal funds.

{Tape: 8; Side: A; Approx. Time Counter: 25.7 - 32.6}

REP. FRANKLIN asked why the Montana Agriculture Heritage Program was not being re-instated. **REP. RIPLEY** said that was because of the amount of money involved and it being a low priority.

REP. JAYNE, in referring to page C-10, questioned the state special revenue of \$12.7 million for FY06 and \$12.9 million for FY07 and asked where it was coming from. **Mary Sexton** said that is the trust lands and forestry base budget. The administrative costs are about 10% of the revenue derived from trust lands. Of these monies, \$7 million comes from fees on state trust lands and the remainder comes from forest assessment fees for timber.

REP. JAYNE asked what the total revenue is from school trust lands. **Tom Schultz, DNRC**, said it generates \$90 million in gross revenue, with timber sales being \$6 million of that total.

{Tape: 8; Side: B; Approx. Time Counter: 0 - 10.1}

REP. JACKSON asked about the coordination between state, local and federal entities in fighting wildfires. **REP. RIPLEY**, in referring to page C-81, shows four FTEs and \$587,000 being allocated for County Co-Op Support. **Bob Harrington, Forestry Division**, said they are very aware of the concerns over the lack of coordination in the 2001 wildfire in the Flathead Valley. Several groups are working to coordinate fire fighting plans on a statewide and regional basis.

{Tape: 8; Side: B; Approx. Time Counter: 10.1 - 17.5}

ADJOURNMENT

Adjournment: 7:15 P.M.

REP. ROSALIE (ROSIE) BUZZAS, Chairman

MARCY MCLEAN, Secretary

RB/mm

Additional Exhibits:

EXHIBIT ([aph48aad0.PDF](#))